

AWB Presentation on Digital Goods

I. We support the use of SSUTA concepts and definitions with respect to digital goods.

A. Digital goods should not be treated as tangible personal property.

B. The primary categories of digital goods should be used: digital audio-visual, digital audio and digital books.

C. The sales tax policy with respect to any of these items should be a deliberate action, based on the unique characteristics of each category giving full consideration to the unique policy implications involved.

D. To the extent other categories of digital goods are examined, such examination should be made with respect to the unique characteristics of each category in order to determine the appropriate sales tax policy with respect to such items.

E. Existing SSUTA sourcing rules create problems that can adversely affect businesses with servers in Washington. Alternative sourcing rules should be developed that avoid these problems in a manner that does not violate the provisions of the SSUTA.

II. If digital goods are subjected to sales taxes, business inputs into these digital goods should be exempted to achieve parity with the treatment of sales of tangible personal property.

III. Information services should remain exempt from retail sales tax, regardless of their character.

IV. Items, such as information services, should be accorded their own specific designation in taxing statutes to avoid taxation policies that invite such businesses to locate outside of Washington.

V. In structuring new laws and clarifying the provisions for taxation or exemption of items for prior periods, provisions should insure that companies operating under the uncertain sales taxation rules of prior years are protected against the possibility of lawsuits or significant prior tax liabilities.

VI. Due care should be taken in making sales tax policy decisions on digital goods to avoid tax policies that invite businesses to locate outside of Washington.